

THE BUSINESS REVIEW

THIRD FEDERAL
PHILADELPHIA



RESERVE DISTRICT
DECEMBER 2, 1940

FEDERAL RESERVE BANK OF PHILADELPHIA

Business and Banking Conditions in the United States

Industrial output rose sharply in October and the first half of November and prices of basic commodities advanced further. New orders both for defense purposes and for civilian needs continued in large volume.

Production. Volume of industrial production, as measured by the Board's seasonally adjusted index, rose further in October to about 128 per cent of the 1935-1939 average as compared with 125 in September and 126 at the peak reached last December.

Increases in output were marked in the automobile and textile industries. In the rayon industry, where production in September had been curtailed by a strike, activity increased considerably and cotton textile mills were also more active. Mill sales of cotton goods have been large since the middle of August, reflecting increased civilian and military demand, and have been in excess of production during most of this period. At wool textile mills, where activity had risen sharply in September, there was a further increase in October. Backlogs of orders in this industry are now of considerable

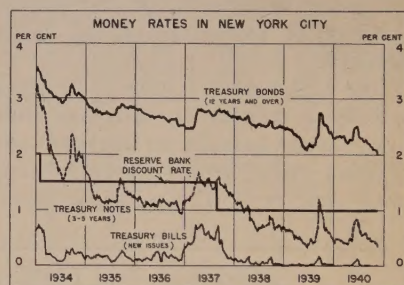
size owing to a large volume of orders received during the past two months, particularly from the government. Automobile production rose to about 500,000 cars and trucks, the largest monthly total since the spring of 1937, and retail sales of both new and used automobiles were reported to be large for this time of year.

In the steel and machinery industries activity continued at a high rate in October. In the first half of November steel ingot production advanced slightly further and was at about 96 per cent of capacity. This high rate of output is expected to be maintained for some time to come, according to trade reports, as new orders for steel have continued large. Lumber production, which had risen sharply since mid-summer, declined less than seasonally in October. New orders for lumber were somewhat below the high rate of August and September but remained above production, reflecting in part continued government demands.

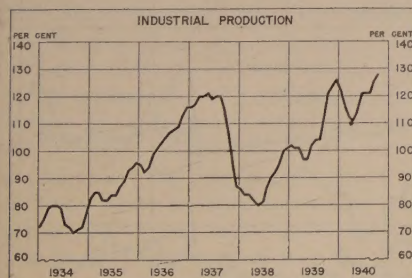
Bituminous coal production declined sharply in October but in the

first half of November showed some increase. In this industry output had been maintained in large volume during the summer owing in part to considerable stocking of coal in anticipation of higher prices. Anthracite production also declined in the first half of October but rose sharply in the latter part of the month owing in part to seasonal influences. Crude petroleum production, which had been curtailed during most of the summer, increased further in October.

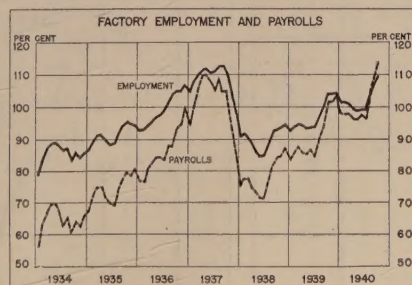
Value of construction contract awards increased in October, following



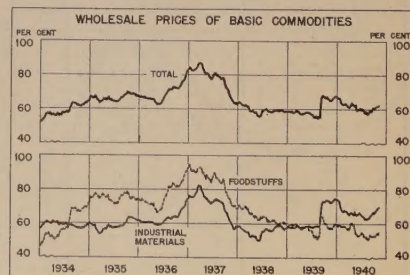
For weeks ending January 6, 1934, to November 9, 1940.



Index of physical volume of production, adjusted for seasonal variation, 1935-1939 average = 100. By months, January 1934 to October 1940.



Indexes of number employed and payrolls, without adjustment for seasonal variation, 1923-1925 average = 100. By months, January 1934 to October 1940. Indexes compiled by the United States Bureau of Labor Statistics.



Federal Reserve groupings of Bureau of Labor Statistics' data. Thursday figures, January 4, 1934 to November 7, 1940.

a decline in the previous month, according to figures of the F. W. Dodge Corporation and the Federal Reserve Bank of San Francisco. Changes in the amount of contract awards in recent months have reflected principally fluctuations in contracts for public projects. Awards for private construction have shown about the usual seasonal changes, following a sharp rise in July and August.

Distribution. In October department store sales declined considerably from the advanced level of the two preceding months, while sales at variety stores, which also had been large in August and September, increased seasonally. In the early part of November department store sales increased somewhat.

Total loadings of revenue freight in October were maintained at about the level reached in September. Ship-

ments of miscellaneous merchandise increased further, while loadings of coal showed a sharp decrease. In the first week of November freight-car loadings declined by less than the usual seasonal amount.

Wholesale commodity prices. Prices of basic commodities continued to advance from the middle of October to the middle of November, with the chief increases in industrial materials, particularly lead, hides, wool and textile yarns. The general index of wholesale commodity prices rose further by about 1 per cent in this period, reflecting increases in prices of some finished goods as well as of materials.

Bank credit. Total loans and investments at reporting member banks in 101 leading cities have increased substantially since the end of September. Commercial loans showed sizable in-

creases both in New York City and in other leading cities. Following reductions during August and September, holdings of United States Government obligations at these banks also increased. Federal Reserve System holdings of government obligations were reduced by \$180,000,000 between September 25 and November 13.

United States Government security prices. After rising moderately during the latter part of October prices of United States Government securities advanced sharply in the early part of November. The quotation on the 1960-65 bonds reached a new high level at about 110¼, and the yield on this issue declined to 2.12 per cent compared with 2.25 per cent in October and 2.26 per cent in June 1939 and again in April 1940. The average yield on 3 to 5 year Treasury notes declined to less than ¾ of 1 per cent.

Business and Banking Conditions in the Philadelphia Federal Reserve District

Industrial production in the Third Federal Reserve District was sustained in October near the highest levels of the past three years. The output of heavy manufactured goods exceeded any period since 1930, and production of consumers' goods and electric power increased somewhat more than was to be seasonally expected in the month. Activity at mines and in oil fields declined.

The continued expansion in business activity is reflected in sustained rises in consumer incomes, an increased use of bank credit, and a generally firm price structure. The principal factor

in the improvement during the past few months, however, appears to have been the increasing demand for defense materials, which has stimulated private buying and resulted in extended delivery periods.

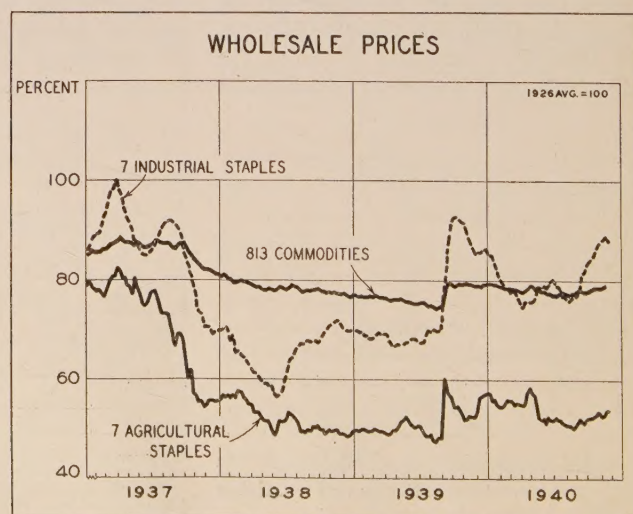
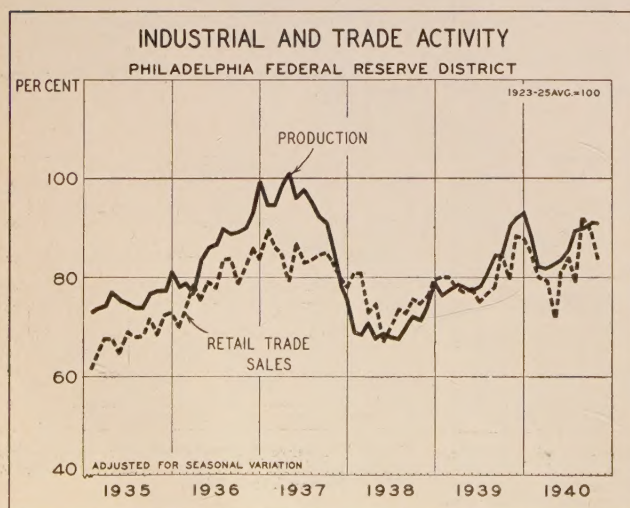
Information on new methods of financing defense production has been made available to banking and industrial establishments in a circular recently issued by this bank. This includes some discussion of supplies and facilities contracts with an indication of the general procedure in acquiring and financing government orders.

Construction activity declined some-

what in October from the high levels reached in the preceding months, but the prospects are for an increasing amount of plant expansion.

General employment and payrolls in Pennsylvania increased 3 per cent from September to October to the highest level since 1937. Gains in the month were general except in anthracite mining and certain trade and service industries. Preliminary reports indicate further increases in factory employment and wage disbursements in November.

Retail business continued active in October, although the gain over the



preceding month was smaller than was to be seasonally expected. Sales at wholesale expanded further and stocks in both channels of trade increased somewhat. Both sales and stocks in distributive establishments are above a year ago.

Wholesale prices in the aggregate have advanced almost steadily since September and now approximate the high point reached at the end of 1939 and early this year. The largest advances recently have been in quotations on industrial raw materials and imported commodities.

Manufacturing. The demand for products manufactured in this district continues active. Sales of iron and steel and miscellaneous manufactures advanced further in the month ended the middle of November; buyers' interest in textile and leather products remained strong; while demand for building materials declined seasonally. Sales in virtually all reporting lines, particularly in the case of iron and steel and construction materials, are substantially above a year ago, and delivery periods are lengthening. Government demand for defense materials continues increasingly active, and the impact of this production is spreading into many related lines.

The volume of unfilled orders on hand at reporting steel and textile mills increased further in the month, and backlogs generally were larger than those on hand in the same period of 1939, except in the case of some consumers' goods. Prices in most lines advanced in the month and were above a year ago, the gains being especially pronounced in the building materials industries.

Factory operations increased further in the latest period and are generally at higher levels than a year ago. Inventories of raw materials have increased somewhat, while supplies of finished goods have declined. At most reporting plants stocks appear to be near the level prevailing in the late fall of 1939.

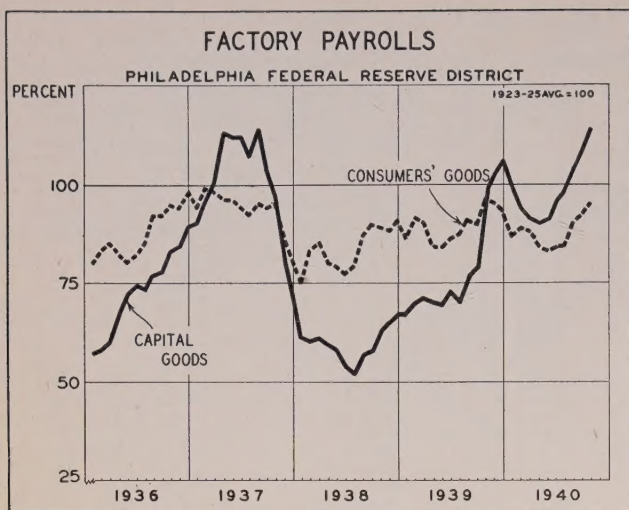
Employment at Pennsylvania factories increased 3 per cent from September to October and wage disbursements were expanded 5 per cent. Customarily the number of workers advances only slightly and payrolls are unchanged at this season of the year. The gain in employment was the fifth in succession and carried the index to a level 11 per cent above the year's low point in May and 4 per cent above October of last year. Wage pay-

Business Indicators Philadelphia Federal Reserve District

Index numbers: percentages of the 1923-1925 average as 100												
	Adjusted for seasonal variation						Not adjusted					
	Per cent change											
	Oct. 1940 from		1940 from 10 mos. 1939				Oct. 1940 from		1940 from 10 mos. 1939			
	Oct. 1939	Aug. 1940	Sept. 1940	Oct. 1940	Month ago	Year ago	Oct. 1939	Aug. 1940	Sept. 1940	Oct. 1940	Month ago	Year ago
Adjusted indexes allow for the usual seasonal change in activity.												
Unadjusted indexes reflect merely the actual change which may or may not be typical.												
Industrial production	91r	90r	91	91p	0	+ 1	+ 7	94	89	93	95p	
Manufacturing—total.....	88	88r	90	91p	+ 1	+ 3	+ 8	92	89	92	95p	
Durable goods.....	87r	92	101	101p	0	+16	+31					
Consumers' goods.....	90	85r	82	83p	+ 1	- 7	- 5					
Metal products.....	92r	96	104r	104	0	+13	+36	94	99	104r	107	
Textile products.....	85	76r	70	74p	+ 6	-13	-12	89	72r	71	77p	
Transportation equipment.....	100	121	138	145	+ 5	+46	+39	95	117	130	139	
Food products.....	78	83	81	79p	- 2	+ 2	+ 2	82	83	87	87p	
Tobacco and products.....	101	104	102	103	0	+ 1	+ 5	124	111	118	125	
Building materials.....	46	42	43	45p	+ 4	- 3	+ 8	49	48	47	48p	
Chemicals and products.....	131	131	140	132p	- 6	+ 1	+ 9	133	131	139	134p	
Leather and products.....	124	107	107	104p	- 3	-17	-10	132	110	117	110p	
Paper and printing.....	89	87r	86r	86	0	- 3	+ 1	90	84r	86r	87	
Coal mining.....	73r	73	69	58p	-15	-20	- 1	77r	56	67	62p	
Anthracite.....	71r	72	67	56p	-16	-21	- 5	75r	53	64	59p	
Bituminous.....	86r	82	85	78	- 8	- 9	+30	92r	77	87	84	
Crude oil.....	460	413	407	403	- 1	-12	- 1	460	413	407	403	
Electric power.....												
Output.....	272r	294	289	293	+ 2	+ 8	+ 8	281	280	283	302	
Sales, total.....	271	290	289	290	0	+ 7	+ 9	271	276	287	290	
Sales to industries.....	198	193	207	206	0	+ 4	+10	192	198	219	200	
Employment and wages—Pa.												
Factory—Employment.....					+ 3*	+ 4*	+ 8*	90	90	91	94	
Payrolls.....					+ 5*	+ 9*	+17*	88r	89	92	96	
Man-hours (1927-28=100).....					+ 5*	+ 8*	+20*	87r	87	90r	94	
General (1932=100)												
Employment.....					+ 3*	+ 3*	+ 6*	116r	113	117	120	
Payrolls.....					+ 3*	+ 5*	+14*	170r	167	173r	179	
Building and real estate												
Contracts awarded†—total.....	75r	90	94	73	-23	- 3	+ 4	78	88	91	75	
Residential†.....	57r	49	53	52	- 2	- 8	- 8	65	55	62	60	
Nonresidential†.....	42r	104	111	79	-29	+89	+27	40	96	104	76	
Public works and utilities†.....	190r	187	157	110	-30	-42	- 1	200	162	143	116	
Permits for building—17 cities.....	22	22	65	41	-36	+84	+23	23	20	58	42	
Real estate deeds—Philadelphia†.....	52	57	63	58	- 8	+11	+14	50	55	54	55	
Writs for Sheriff's sales—Phila.	313	340	286	444	+55	+42	- 5	156	327	332	222	
Distribution												
Retail trade —sales.....	80r	92	89	84p	- 6	+ 5	+ 5	93	69	91	98p	
stocks.....	78r	77	78	79p	+ 1	+ 1	- 8	88	74	84	89p	
Wholesale trade§—sales.....					+ 2*	+ 4*	+ 6*					
stocks.....					+ 1*	+ 1*						
Life insurance sales.....	101	91	104	99	- 5	- 2	+ 4	92	77	83	90	
New passenger auto registrations.....					+87*	+32*	+34*	94	91	67	125	
Hotels—Occupancy..... (1934=100)					+ 5*	+ 6*	+ 6*	126r	109	129	135p	
Income, total (1934=100).....					+11*	+10*	+ 9*	131r	98	130	145p	
Freight-car loadings—total.....	76	75	75	75	- 1	- 2	+17	84	79	85	83	
Merchandise and miscellaneous.....	74	73	73	76	+ 4	+ 3	+14	80	76	83	82	
Coal.....	76	77	76	64	-16	-16	+18	87	74	79	73	
Business liquidations												
Number.....					- 4*	+ 4*	- 6*	72r	65	79	75	
Amount of liabilities.....					+ 3*	-31*	-25*	31r	20	21	21	
Payment of accounts												
Check payments.....	85	95	92	88	- 5	+ 3	+ 5	87	81	87	90	
Rate of collections (actual)												
Retail trade.....	32	35	35	33	- 5	+ 3		33	31	31	34	
Prices—United States												
WHOLESALE (1926=100)					+ 1*	- 1*	+ 2*	79	77	78	79	
Farm products.....					0*	- 1*	+ 4*	67	66	66	66	
Foods.....					- 1*	- 3*	+ 1*	73	70	71	71	
Other commodities.....					+ 1*	0*	+ 2*	84	82	82	83	
RETAIL FOOD.....					- 1*	0*	+ 2*	78	78	79	78	
Philadelphia.....					0*	- 2*	0*	79	79	78	78	
Scranton.....					0*	0*	+ 2*	75	74	75	75	

(In millions of dollars)	Oct. 1939	July 1940	Aug. 1940	Sept. 1940	Oct. 1940	% change from	
						Month ago	Year ago
Banking and credit							
Federal Reserve Bank							
Bills discounted.....	\$0.4	\$0.2	\$0.2	\$0.3	\$0.3	0	-25
Other bills and securities.....	241	197	196	195	203	+4	-16
Member bank reserves.....	572	670	650	658	677	+3	+18
Reserve ratio (per cent).....	77.3	84.5	85.2	85.0	84.7	-0	+10
Reporting member banks							
Loans.....	\$409	\$460	\$475	\$474	\$477	+1	+17
Investments.....	719	725	731	729	727	-0	+1
Bankers' acceptances outstanding.....	9.0	9.1	9.7	9.3	9.4	+1	+4

* Computed from data unadjusted for seasonal variation. p—Preliminary. r—Revised.
 † Not included in production index. § Bureau of the Census, U. S. Department of Commerce.
 ‡ 3-month moving daily average centered at 3rd month.



ments increased for the sixth consecutive month and were 21 per cent above last April and 9 per cent higher than a year ago.

Preliminary reports indicate further gains in November, when a seasonal decline was to be expected. The principal improvement appears again to have been in the heavy goods industries, particularly in basic iron and steel lines and at foundries and machine shops.

From September to October expansion was greatest at plants producing capital goods, where payrolls advanced to a level 27 per cent above April and 15 per cent above October 1939. Improvement was especially apparent in the nonferrous metals industries and in such iron and steel lines as steel works and rolling mills, foundries and machine shops, and plants producing structural materials and other heavy equipment. Producers of transportation equipment also reported substantial increases in employment and wage disbursements.

Further improvement occurred at plants producing consumers' goods, where wage disbursements were 15 per cent above the year's low point in May. In these lines, however, the levels were still somewhat below those prevailing in October of last year, when consumer buying was unusually active. Improvement was evidenced in virtually all lines of textiles, especially cotton goods, woollens and worsteds, and carpets and rugs. Gains also appeared in the case of food products, but declines prevailed in the clothing industry.

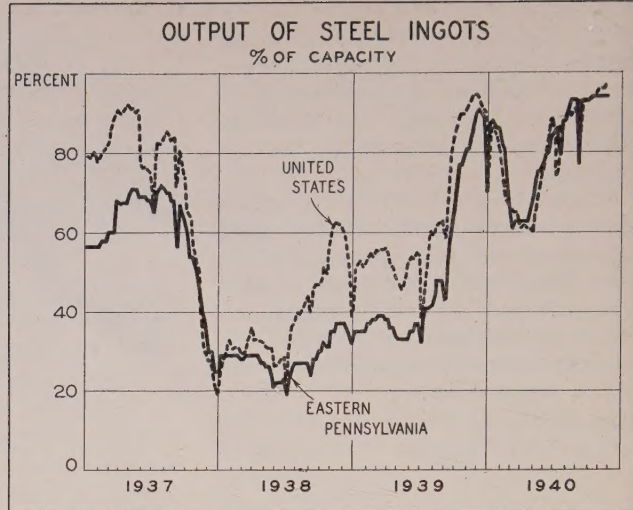
Hourly earnings of factory workers in Pennsylvania continued to average nearly 73 cents, and as hours worked

per week advanced to 39.3, the highest since early 1937, weekly earnings reached an average of \$28.29, the highest in records going back to 1923.

Employment in Delaware factories increased 1 per cent from September to October and wage payments advanced 3 per cent, reflecting gains in the case of textiles, metals, chemicals, and leather products. The number of workers totaled 11 per cent more and payrolls were 17 per cent higher than a year earlier. In southern New Jersey employment and payrolls both declined 3 per cent in the latest month but continued 12 and 19 per cent respectively above October 1939.

The output of goods manufactured in this district expanded somewhat further from September to October to a level 3 per cent above October of last year. In capital goods lines the gain over a year ago was 16 per cent compared with a decline of 7 per cent in the output of consumers' goods. The principal improvement in the month was in textiles, transportation equipment, and building materials. Production of metal goods expanded about seasonally from earlier high levels, while chemicals, leather, and food products declined. During the period January to October, total manufacturing output averaged 8 per cent above the corresponding period in 1939, reflecting an increase of 31 per cent in the output of heavy goods and a decline of 5 per cent in consumers' lines.

The production of electric power increased 2 per cent more than usual from September to October and was 8 per cent above October 1939. Sales of power changed about seasonally in the month but continued well above a year ago.

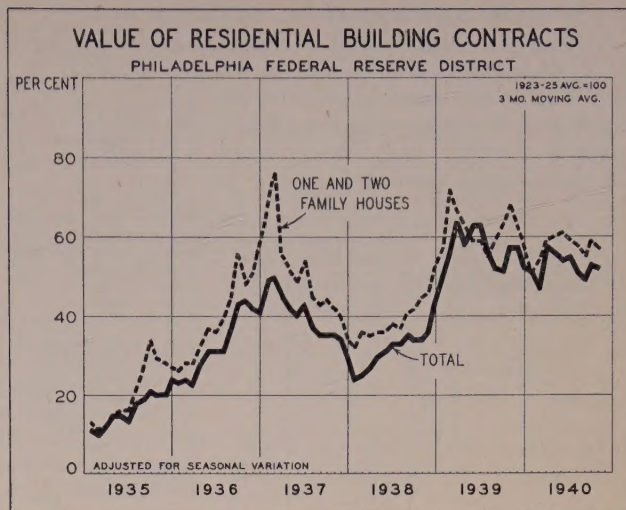
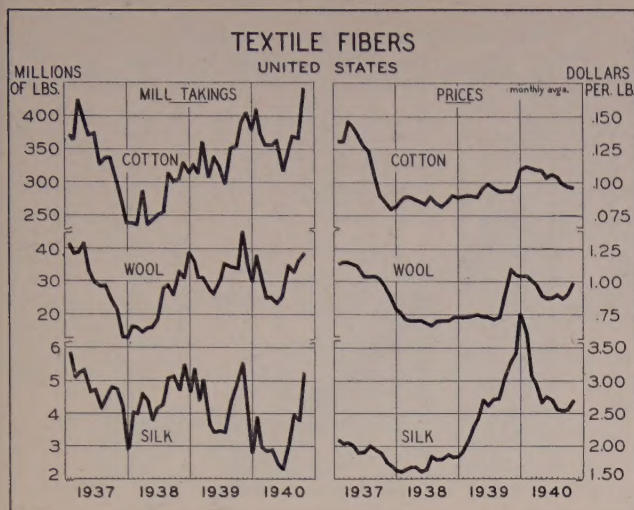


Coal and other fuels. The domestic market for fuels continues fairly active; sales of bituminous coal and coke to industry are expanding with increasing manufacturing requirements, and the demand for anthracite is steady. Shipments of coal to foreign countries have decreased for the fifth consecutive month and in October were 37 per cent less than a year ago. Monthly exports of gas and fuel oils have been consistently below 1939. Prices are generally firm.

Production of anthracite declined, contrary to seasonal expectations, from September to October and slackened further in early November, owing in part to an accumulation of stocks in previous months. Output averaged about 157,000 tons a day in October as against 169,000 tons in the preceding month. The production of hard coal in the first ten months of 1940 was 5 per cent less than a year ago, when output was stimulated by restricted operations in the soft coal regions in April and May.

Output of bituminous coal also declined during October, when a further increase was to be expected seasonally. Operations were 4 per cent below September and 9 per cent less than in 1939. Thus far this year production of soft coal in Pennsylvania, aggregating nearly 93,000,000 tons, has been 30 per cent above 1939 and the highest since 1937.

By-product coke ovens in this district continue unusually active and in October operations were at the highest level in records going back to 1923. Output of gas and fuel oils, however, declined to the lowest point of the year. During the first ten months of 1940 activity at both coke ovens and oil refineries was above 1939.



Building. Construction activity in this district declined from September to October, on the basis of contract awards, and for the first time since last spring was below the levels prevailing in 1939. Residential construction was fairly well sustained in the month, but a sharp decline occurred in operations on commercial and industrial structures and public works and utilities. Despite the temporary lull, prospects are for further widespread plant expansions within the next several months.

7 per cent above the corresponding period of 1939. Residential activity has been somewhat lower than last year, but awards for commercial, factory, and educational buildings have been substantially higher. Contracts for public works and utilities in the first ten months aggregated about the same value this year as last.

Distribution, trade and service. The movement of commodities through distributive channels continued active during October and remained above the level of a year ago. Shipments of manufactured goods by rail improved further. Sales at wholesale and retail exceeded the volume in September, although purchases by consumers did not expand so sharply as is customary at this time of year. Inventories increased somewhat further but at the end of October were only slightly larger than in 1939.

Retail trade sales in this district in October increased nearly 8 per cent from the large volume reported a month earlier. This gain was less than usual for the period and the seasonally adjusted index receded from 89 to 84. Smaller than customary increases were reported by department, men's apparel, and credit stores, and declines from September occurred in the case of women's apparel and shoes. The aggregate dollar volume of business handled in October, however, continued about 5 per cent greater than in the same month last year. Sales in all reporting lines were above the 1939 level, with the most pronounced improvement occurring at department stores.

Stocks of merchandise at retail establishments increased about seasonally during October. The rate of stock

turnover so far this year has been somewhat more rapid than in the same period of 1939.

Business at wholesale showed a gain of about 2 per cent from September to October. Increased sales at establishments handling paper, hardware, groceries, and dry goods more than offset sharp declines in the case of shoes and jewelry and a smaller contraction in the sale of electrical supplies. The total dollar volume for October was 4 per cent greater this year than last, and sales in the first ten months of 1940 were 6 per cent above the level of a year ago. Wholesalers' inventories in the aggregate were slightly larger than in September and showed a small increase over October 1939.

Freight-car loadings in the Allegheny district in October were well sustained for the third successive month, but they slackened somewhat in early November, according to preliminary reports. Compared with September, shipments of merchandise and miscellaneous commodities, ore, and forest products were unusually heavy. Coal traffic, however, declined considerably in October, and loadings of grain, livestock, and coke did not measure up to seasonal expectations. The movement of commodities originating in the Philadelphia area, consisting chiefly of manufactured products, continued heavier than usual throughout October and exceeded the volume of a year ago by a substantial margin.

Registrations of new passenger automobiles have increased sharply from the year's low reached in the September changeover period and in October showed a gain of 32 per cent over a year earlier. The volume of sales in

Building contracts Philadelphia Federal Reserve District	October 1940 (000's omitted)	Per cent change	
		From month ago	1940 from 10 mos. 1939
Residential	\$ 5,783	-45	- 7
Apts. and hotels.....	1,136	-72	- 5
Family houses.....	4,647	-28	- 8
Nonresidential	6,251	-23	+38
Commercial.....	1,569	-40	+25
Factories.....	1,630	- 7	+160
Educational.....	1,509	+ 5	+26
All other.....	2,543	-23	- 8
Total buildings	\$12,034	-36	+11
Public works and utilities	4,415	-16	- 1
Grand total	\$16,449	-31	+ 7

Source: F. W. Dodge Corporation.

The value of building contracts awarded in October declined more than 30 per cent from September, the largest reductions being in residential and commercial fields. In the case of family dwellings, awards were considerably below October 1939 when activity was at an unusually high level. These declines were practically offset, however, by contracts for factories, educational buildings, and miscellaneous nonresidential structures, which were well above a year earlier.

In the first ten months of this year total building contracts have averaged

the first ten months of 1940 was 34 per cent larger than in 1939 and the highest since 1937.

Revenue at nonresort hotels in this district expanded 11 per cent from September to October and was greater than in the same month last year.

Hotel business Philadelphia Federal Reserve District	Oct. per cent change from		1940 from 10 mos. 1939
	Month ago	Year ago	
Capacity.....	0	0	.....
Room occupancy.....	+ 5	+ 6	+ 6
Per cent of capacity used:			
Oct. 1940.....	59.7		
Sept. 1940.....	56.6		
Oct. 1939.....	56.4		
Revenue from:			
Guest rooms.....	+ 2	+ 5	+ 9
Food.....	+24	+17	+10
Other sources.....	+14	+12	+ 7
Total revenue.....	+11	+10	+ 9

Banking conditions. Commercial loans have increased moderately in the past month to a level approximating the highest point of 1940 and well above a year ago. Expansion in funds available to trade and industry to finance the general increase in business activity and production under the defense program was reflected in further growth in excess bank reserves. The reserves of all member banks in the district are more than double the requirements against deposits, and in most instances could be increased considerably by drawing upon the heavy balances maintained with correspondents.

Member bank reserves (Daily averages: dollar figures in millions)	Held	Re- quired	Ex- cess	Ratio of excess to re- quired
Philadelphia banks:				
1940: Oct. 1-15	\$475.4	\$223.8	\$251.6	112%
Oct. 16-31	482.8	226.0	256.8	114 "
Nov. 1-15	484.7			
1939: Nov. 1-15	429.6	210.0	219.6	105 "
Country banks:				
1940: Oct. 1-15	199.1	100.6	98.5	98 "
Oct. 16-31	196.0	100.7	95.3	95 "
Nov. 1-15	197.8			
1939: Nov. 1-15	173.2	97.2	76.0	78 "

Banking and business institutions throughout the Philadelphia Federal Reserve District have been informed of the general procedure to be followed by business concerns seeking government orders and funds to finance production on these orders. Sources of information with respect to materials to be purchased and bids already accepted, and legislation or regulations applying to assignments of government contracts and the amortization of defense facilities are indicated in a cir-

Federal Reserve Bank of Philadelphia (Dollar figures in millions)	Nov. 20, 1940	Changes in—	
		Four weeks	One year
Bills discounted.....	\$0.5	+ \$0.1	+ \$0.0
Bills bought.....	0	0	0
Industrial advances.....	2.1	- 0.3	- 1.0
U. S. securities.....	187.1	- 10.5	- 35.3
Total.....	\$189.7	-\$10.7	-\$36.3
Note circulation.....	391.6	+ 12.7	+ 51.6
Member bank deposits.....	700.6	+ 28.0	+109.3
U. S. general account.....	26.0	+ 12.1	- 27.0
Foreign bank deposits.....	75.3	+ 1.7	+ 37.1
Other deposits.....	30.9	+ 5.6	+ 18.0
Total reserves.....	1,056.6	+ 69.8	+228.6
Reserve ratio.....	86.3%	+1.5%	+6.3%

cular prepared by this bank. This circular may be obtained upon request.

Member bank reserves aggregating \$700,600,000 on November 20 were the largest shown in any weekly statement in the past six months and exceeded the figures of a year ago by \$109,300,000. In the past four weeks the expansion has amounted to \$28,000,000, reflecting chiefly sharp gains in commercial and financial transactions with other districts. Additional funds were supplied to the local market by Treasury operations. The Treasury received large amounts of Social Security taxes and of unemployment trust funds from the states, but disbursements for defense, work relief, and routine operations exceeded receipts. Funds were absorbed by an increase in outstanding officers' checks of this bank and by an expansion of \$18,000,000 in currency demand, which exceeded by several millions of dollars the amounts called for in the corresponding periods a year and two years ago.

Holdings of government securities by this bank declined \$10,500,000 to \$187,100,000 as a result of further sales from the System Open Market Account. Changes in discounts for member banks and in industrial advances were negligible.

Outstanding credit of the reporting member banks was at the highest point since 1931 on the 13th of the month but declined to \$1,205,000,000 on November 20, a level slightly lower

Reporting member banks (000,000's omitted)	Nov. 20, 1940	Changes in—	
		Four weeks	One year*
Assets			
Commercial loans.....	\$ 231	+\$ 4	+\$38
Open market paper.....	35	- 2	+ 11
Loans to brokers, etc.....	21	- 2	0
Other loans to carry secur....	34	+ 2	+ 3
Loans on real estate.....	50	0	0
Loans to banks.....	1	0	0
Other loans.....	107	- 1	+ 13
Total loans.....	\$ 479	+\$ 1	+\$65
Government securities.....	\$ 362	-\$ 2	+\$ 3
Obligations fully guaranteed.	90	- 3	- 11
Other securities.....	274	+ 3	+ 5
Total investments.....	\$ 726	-\$ 2	-\$ 3
Total loans & investments.	\$1,205	-\$ 1	+\$62
Reserve with F. R. Bank.....	521	+ 28	.....
Cash in vault.....	23	+ 1	.....
Balances with other banks.....	222	- 9	.....
Other assets—net.....	80	0	.....
Liabilities			
Demand deposits, adjusted ..	\$1,047	+\$14	.....
Time deposits.....	258	- 3	.....
U. S. Government deposits.....	47	0	.....
Interbank deposits.....	467	+ 5	.....
Borrowings.....	.....	.....	.....
Other liabilities.....	14	0	.....
Capital account.....	218	+ 3	.....

* On comparable basis.

than that shown four weeks earlier. Commercial loans increased \$4,000,000, but the expansion in total loans was restricted to \$1,000,000 by declines in holdings of open market paper and in unclassified loans. The investment portfolio was reduced \$2,000,000, as the sale of \$5,000,000 of governments was only partly offset by the purchase of corporate and municipal securities.

Deposits at the reporting banks increased \$16,000,000 in the four weeks ended November 20 to \$1,819,000,000, owing principally to the heavier balances carried by individuals and business concerns. In the last half of October gross deposits at all member banks in the district averaged \$3,331,000,000, a record level, and were \$200,000,000 larger than a year earlier. Increases over the twelve months amounted to 7 per cent at banks in Philadelphia and in other cities and towns with populations of 15,000 or more, and to 4 per cent at members located in smaller centers.

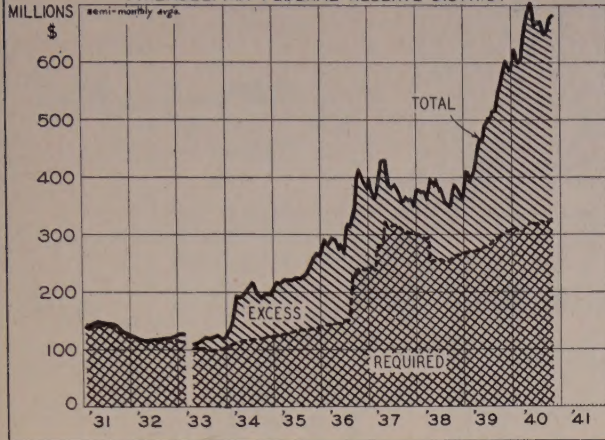
MEMBER BANK RESERVES AND RELATED FACTORS

Philadelphia Federal Reserve District (Millions of dollars)	Changes in weeks ending—				Changes in four weeks
	Oct. 30	Nov. 6	Nov. 13	Nov. 20*	
Sources of funds:					
Reserve bank credit extended in district.....	- 0.1	-0.3	- 0.7	+ 2.2	+ 1.1
Commercial transfers (chiefly interdistrict).....	+ 4.2	+4.8	+20.9	+14.2	+44.1
Treasury operations.....	+19.9	-3.3	+ 0.8	-10.3	+ 7.1
Total.....	+24.0	+1.2	+21.0	+ 6.1	+52.3
Uses of funds:					
Currency demand.....	+ 0.8	+8.6	+ 3.2	+ 5.7	+18.3
Member bank reserve deposits.....	+14.2	-8.8	+19.7	+ 2.9	+28.0
"Other deposits" at reserve bank.....	+ 9.0	+1.4	- 2.2	- 2.6	+ 5.6
Other Federal Reserve accounts.....	- 0.0	+0.0	+ 0.3	+ 0.1	+ 0.4
Total.....	+24.0	+1.2	+21.0	+ 6.1	+52.3

* Preliminary.

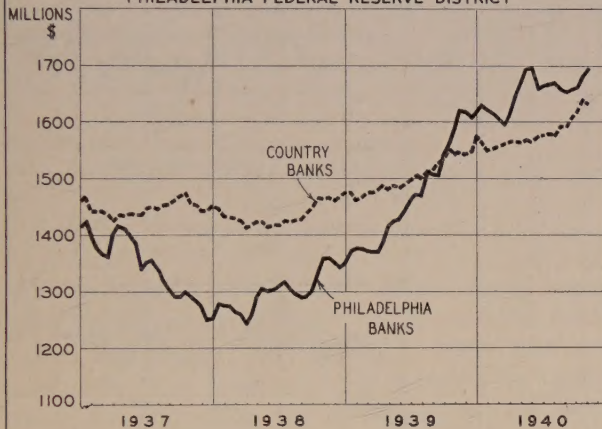
MEMBER BANK RESERVES

PHILADELPHIA FEDERAL RESERVE DISTRICT



DEPOSITS AT MEMBER BANKS

PHILADELPHIA FEDERAL RESERVE DISTRICT



Employment and Payrolls in Pennsylvania

(All figures are rounded from original data)

Manufacturing Indexes

(Indexes are percentages of the 1923-25 average taken as 100. Total and group indexes are weighted proportionately.)

	Employment*			Payrolls*			Employee-hours†	
	Oct. 1940 index	Per cent change from		Oct. 1940 index	Per cent change from		Oct. 1940—per cent change from	
		Sept. 1940	Oct. 1939		Sept. 1940	Oct. 1939	Sept. 1940	Oct. 1939
All manufacturing	94	+3	+4	96	+5	+9	+5	+8
Iron, steel and products . . .	91	+3	+13	123	+5	+16	+4	+14
Non-ferrous metal prods. . .	133	+5	+9	176	+6	+15	+7	+14
Transportation equip. . . .	69	+5	+11	77	+10	+16	+10	+17
Textiles and clothing. . . .	92	+2	-8	90	+7	-5	+7	-9
Textiles	87	+4	-9	85	+8	-6	+8	-10
Clothing.	115	-2	-7	113	+1	0	-1	-7
Food products.	113	+2	+3	119	+1	+4	+3	+3
Stone, clay and glass. . . .	85	+4	+4	93	+6	+3	+7	-1
Lumber products	65	0	0	64	-1	+1	+1	+1
Chemicals and products . . .	98	0	+4	111	-1	+2	+2	+3
Leather and products	88	0	-2	87	-3	-1	-2	-13
Paper and printing	100	+1	-1	105	0	-1	+2	-4
Printing.	90	+3	-1	97	-2	-1	+2	-2
Others:								
Cigars and tobacco.	67	+1	+8	62	0	+8	0	+9
Rubber tires, goods.	84	+2	-8	97	+3	-13	+3	-14
Musical instruments	70	+1	+17	92	+19	+36	+11	+21

* Figures from 2429 plants.

† Figures from 2194 plants.

General Index Numbers

Covering twelve branches of trade and industry

(Indexes are percentages of the 1932 average taken as 100. Individual indexes are combined proportionately into general index number.)

	Employment			Payrolls		
	Oct. 1940 index	Per cent change from		Oct. 1940 index	Per cent change from	
		Sept. 1940	Oct. 1939		Sept. 1940	Oct. 1939
General index (weighted)	120	+3	+3	179	+3	+5
Manufacturing.	146	+3	+4	235	+5	+9
Anthracite mining.	66	-1	-4	55	-18	-38
Bituminous coal mining. . . .	107	0	-2	229	+5	-6
Building and construction. . .	61	+2	+5	94	+5	+14
Quarrying and non-met. mining	118	0	+6	243	+3	+1
Crude petroleum producing . .	135	-2	+2	166	+2	+9
Public utilities.	101	0	+5	114	0	+7
Retail trade.	114	+6	+5	133	+5	+5
Wholesale trade.	119	-1	+1	127	-2	+2
Hotels.	105	+3	0	123	+4	+2
Laundries.	104	-1	+7	133	-1	+3
Dyeing and cleaning.	108	+3	+11	143	+4	+18

Percentage change—October 1940 from October 1939

City areas*	Manufacturing		Building permits (value)	Debits	Retail trade sales
	Employment	Wage payments			
Allentown.	+11	+18	+62	+5	+3
Altoona.	+4	+2	+144	+19	+9
Harrisburg.	+11	+17	-42	+9	+13
Johnstown.	+8	+13	-49	+10	+9
Lancaster.	-2	-1	+109	+3	+3
Philadelphia.	+6	+14	+139	+11	+8
Reading.	0	+4	+140	+3	+18
Scranton.	-7	-9	-32	-13	-3
Trenton.	+4	+9	-10	+28	+13
Wilkes-Barre.	+2	+7	+159	+6	-2
Williamsport.	-1	-2	-56	+15	.....
Wilmington.	+7	+15	-44	+6	+11
York.	+9	+16	+242	+12	+7

October 1940 from September 1940

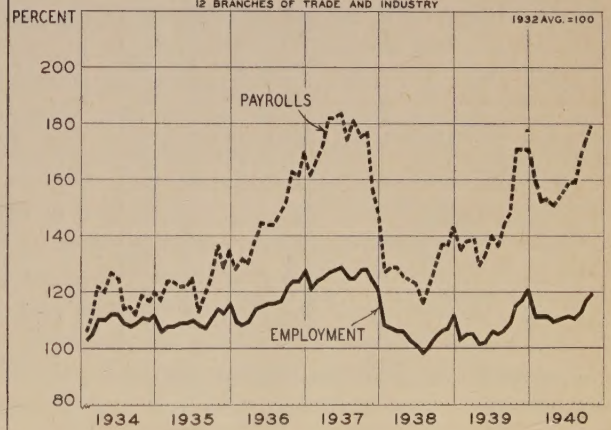
Allentown.	+3	+3	+36	+20	+10
Altoona.	+1	+9	+13	+20	+8
Harrisburg.	+4	+8	+92	+2	-1
Johnstown.	+1	+4	-48	+12	+12
Lancaster.	+2	0	+566	+20	+20
Philadelphia.	+3	+3	-21	+16	+9
Reading.	+3	+9	-39	+13	+20
Scranton.	+3	+4	-17	+2	+10
Trenton.	+2	+3	-76	+38	+8
Wilkes-Barre.	+3	+8	+151	+17	+7
Williamsport.	-1	+4	-74	+17	.....
Wilmington.	+3	+5	-45	+2	+21
York.	+5	+4	+88	+15	+8

* Area not restricted to the corporate limits of cities given here.

INDUSTRIAL EMPLOYMENT AND PAYROLLS

PENNSYLVANIA

12 BRANCHES OF TRADE AND INDUSTRY



Index numbers of individual lines of trade and manufactures

Philadelphia Federal Reserve District

Adjusted indexes allow for the usual seasonal change in activity. Unadjusted indexes reflect merely the actual change which may or may not be typical.		Index numbers: percentages of the 1923-1925 average as 100											
		Adjusted for seasonal variation						Not adjusted					
		Oct. 1939	Aug. 1940	Sept. 1940	Oct. 1940	Per cent change			Oct. 1939	Aug. 1940	Sept. 1940	Oct. 1940	
						Oct. 1940 from		1940 from 10 mos. 1939					
						Month ago	Year ago						
Retail trade													
Sales													
Total of all stores		80r	92	89	84p	- 6	+ 5	+ 5	93	69	91	98p	
Department		69	80	79	75	- 5	+ 9	+ 6	80	60	79	87	
Men's apparel		77r	81	83	78	- 6	+ 2	+ 5	86r	61	75	87	
Women's apparel		97r	114	114	99	-14	+ 2	0	110r	84	118	112	
Shoe		81	108	94	83	-12	+ 3	0	91	65	108	93	
Credit		97	109	100	100p	- 1	+ 3	+ 5	121	92	105	125p	
Stocks of goods													
Total of all stores		78	77	78	79p	+ 1	+ 1		88	74	84	89p	
Department		53	52	53	55	+ 2	+ 2		61	49	57	62	
Women's apparel		109	109	109r	108	- 1	- 1		130	103	126r	130	
Shoe		67	66	66	66	+ 1	- 1		73	67	71	72	
Credit		103	101	102	105p	+ 2	+ 2		115	98	112	117p	
Rate of stock turnover													
10 months (on annual basis)								+ 4*	4.18			4.36	
Wholesale trade†													
Sales													
Total of all lines						+ 2*	+ 4*	+ 6*					
Boots and shoes						-30*	-11*	+ 3*					
Dry goods						+ 2*	- 8*	- 1*					
Electrical supplies						- 6*	+10*	+18*					
Groceries						+ 6*	+ 9*	- 1*					
Hardware						+11*	+ 5*	+14*					
Jewelry						-25*	- 1*	+22*					
Paper						+18*	+ 1*	+14*					
Stocks of goods													
Total of all lines						+ 1*	+ 1*						
Dry goods						- 4*	-12*						
Electrical supplies						+ 5*	+ 9*						
Groceries						+ 5*	+ 2*						
Hardware						- 2*	+11*						
Jewelry						+ 7*	+ 3*						
Paper						- 4*	+ 2*						
Output of manufactures													
Pig iron		71	94	90	85	- 6	+19	+72	70	82	84	84	
Steel		94r	93	104	102	- 2	+ 8	+35	94r	95	99	102	
Iron castings		64	72	72	71p	- 2	+11	+33	68	69	73	75p	
Steel castings		127	113	135	127	- 6	- 1	+31	121	109	122	120	
Electrical apparatus		87	103	109r	114	+ 4	+30	+38	95	114	120r	124	
Motor vehicles		23	24	24	28	+17	+22	- 1	21	21	21	26	
Automobile parts and bodies		91	87	98	112	+14	+23	+19	86	82	93	106	
Locomotives and cars		28	35	39	42	+10	+52	+92	26	35	37	40	
Shipbuilding		417	581	675	678	0	+62	+52	401	575	641	651	
Silk manufactures		91	75	73r	77	+ 7	-15	-14	93	73	73r	79	
Woolen and worsteds		66r	55	53	56	+ 6	-14	-10	72r	56	58	61	
Cotton products		57	43	45r	47	+ 4	-18	- 4	59	39	42	48	
Carpets and rugs		126	97	89	91	+ 2	-28	-17	144	89	96	102	
Hosiery		105	104	88	92	+ 4	-12	-16	115	90	88	101	
Underwear		147	138	129	127	- 2	-13	- 7	160	128	129	138	
Cement		65	63	65	65p	0	0	+ 4	73	79	76	72p	
Brick		57	47	50r	53	+ 7	- 6	+21	58	49	51r	54	
Lumber and products		29	26	27	29	+ 6	- 2	+ 4	30	28	29	30	
Bread and bakery products						0*	+ 5*	+ 1*	88	89	93r	93	
Slaughtering, meat packing		103	115	103	103	0	0	+ 3	108	97	103	108	
Sugar refining		102	51	68	71	+ 4	-31	-18	86	44	59	59	
Canning and preserving		53	72	68	60p	-12	+13	+14	70	82	89	90p	
Cigars		100	103	101	102	0	+ 2	+ 5	123	110	117	125	
Paper and wood pulp		79	81	79	77	- 2	- 3	+10	81	81	79	78	
Printing and publishing		91	88r	88r	88	0	- 3	0	91	85r	87r	89	
Shoes		151	130	131	132	+ 1	-13	-12	163	139	149	142	
Leather, goat and kid		99	86	83	77p	- 7	-22	- 6	103	82r	87	80p	
Explosives		91	126	138	163	+18	+78	+39	92	126	138	164	
Paints and varnishes		82	83	89	80	-11	- 2	+ 4	88	85	85r	85	
Petroleum products		174	159	170	150p	-12	-14	+ 1	175	160	173	151p	
Coke, by-product		137r	142	148	147	- 1	+ 7	+32	135	140	142	144	

* Computed from data unadjusted for seasonal variation.
† Bureau of the Census, U. S. Department of Commerce.

p—Preliminary.

r—Revised.

